

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6429**  
**BILL NUMBER: SB 222**

**NOTE PREPARED:** Dec 22, 2014  
**BILL AMENDED:**

**SUBJECT:** Annexation.

**FIRST AUTHOR:** Sen. Buck  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill provides the following for annexations initiated on or after May 15, 2015:

- (1) It changes the annexation remonstrance process to make it similar to the remonstrance process found in property tax statutes.
- (2) It provides that if at least 60% of landowners in a proposed annexation territory sign a remonstrance petition, the annexation is defeated.
- (3) It requires that the fiscal plan must be approved by the Department of Local Government Finance for accuracy and viability.
- (4) It prohibits amendment of the fiscal plan after a remonstrance petition is filed unless the amendment is consented to by remonstrators.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Summary* - The bill may increase the workload for the Department of Local Government Finance (DLGF) and the State Board of Accounts (SBOA). Expenses incurred by the DLGF are reimbursable by the annexing municipality for review and approval of fiscal plans, and the SBOA's workload increase is expected to be a one-time expense and minimal ongoing expenses.

**Additional Information-** The bill increases the workload of the DLGF to review and approve annexation fiscal plans. The resources needed by the DLGF will depend on the number of annexations undertaken and the complexity and completeness of the fiscal plans submitted by municipalities. The DLGF is to approve or disapprove a plan within 30 days of submission. The DLGF will certify its expenses to the annexing municipality for reimbursement payable to the state General Fund.

Additionally, the SBOA will have a minimal one-time increase in its workload to design forms for remonstrance petitions and will provide the form to a county auditor upon request.

**Explanation of State Revenues:** *Court Fee Revenue:* Instead of filing a remonstrance in a circuit or superior court, a petition would be certified by a county auditor. To the extent that this may reduce the number of filings, revenue to the state General Fund from civil court filing fees may decrease. A civil court filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. Other fees may apply as well.

*Additional Information* - A survey of municipalities that passed annexation ordinances between 2009 and 2013 found that about 5.7%, or 16 of 280, were remonstrated against and that about 3.5%, or 10 of 282, annexations had an appeal.

**Explanation of Local Expenditures:** *Summary* - Costs will increase for an annexing municipality to provide a fiscal plan of annexation and to reimburse the DLGF's costs of review and approval of the fiscal plan. Advertising and postage expenses will increase too. The county auditor will incur additional costs to issue petitions and validate and certify property owner signatures. The amount of the municipal and county auditor costs is indeterminate and will depend on the number and complexity of annexations undertaken.

Other elements of the bill may have indeterminate fiscal impact on an annexing municipality based on the success of a remonstrance and other factors.

*Additional Information* - Costs for annexation may increase for the annexing municipality to provide a fiscal plan that meets certain criteria, to provide additional information to the DLGF, and to pay the DLGF's expenses for reviewing and approving the fiscal plan for accuracy and viability.

Under current law, a municipality develops a fiscal plan that describes the cost estimates of planned services, service financing methods, and plans for providing services of both a capital and noncapital nature. The bill would require the same elements, but additionally sets a standard for the plans of having sufficient detail to provide a reasonable person with full and complete understanding of the proposal. The proposal is submitted to the DLGF for review of accuracy, completeness, and validity of the fiscal plan. The DLGF may request additional information to aid in review of the plan. Any amendments to the plan are also to be reviewed by the DLGF.

Also, before an annexation ordinance can go into effect, the officers of the municipality must publish notice of the remonstrance process and, using first class mail, send notice to the circuit court clerk and the real property owners. The postage costs will depend on the number of real property owners in the territory to be annexed.

The county auditor of a proposed annexation will have an increased workload to verify petition signatures. The county auditor will have 15 days to verify the signature. Five days after verifying the signatures, the county auditor will file a certificate with the municipal legislative body.

Additionally, the county auditor is to request that the SBOA deliver remonstrance forms to the county auditor's office or printer for issuance to owners of real property. Printing costs will be determined by the

number of petitions requested and the size of the form designed by the SBOA.

The time line for completion of a remonstrance is 110 days at most, including the filing of a remonstrance 30 to 90 days after an annexation ordinance and the time allotted to the county auditor to validate signatures and file a certificate with the municipal legislative body. Only nonexempt property owners may sign a petition of remonstrance. If a remonstrance is successful or an annexation ordinance is withdrawn, the municipality must wait 48 months to make a subsequent annexation in the same area. The fiscal impact on the annexing municipality resulting from these provisions is indeterminate.

**Explanation of Local Revenues:** *Court Fee Revenue:* If fewer remonstrations are filed in a circuit or superior court, local governments would receive less revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

Persons filing a civil case are also required to pay the following fees that are deposited in local funds.

The document storage fee (\$2) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per document) are charged for preparing transcripts or copies of record or certificate under seal.
- A service fee (\$10) is collected from the filing party for each defendant beyond the first cited in the lawsuit.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:** Palmer, Jaime, Indiana Advisory Commission on Indiana, *Government Annexation in Indiana*, presented to the Interim Study Committee on Government, Indianapolis, September 24, 2014.

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